

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)
) Chapter 11
)
FRANCHISE GROUP, INC., <i>et al.</i> , ¹) Case No. 24-12480 (LSS)
)
Reorganized Debtors.) (Jointly Administered)
)
) Re: Docket Nos. 1558, 1725
)

**FEE EXAMINER'S FINAL REPORT REGARDING
THIRD AND FOURTH COMBINED MONTHLY
AND FINAL FEE APPLICATION REQUESTS
OF PETRILLO KLEIN + BOXER LLP**

Direct Fee Review LLC (“DFR”), appointed and employed as the Fee Examiner in the above-captioned bankruptcy proceedings and acting in its capacity regarding the Third and Fourth Combined Monthly and Final Fee Application Requests of Petrillo Klein + Boxer LLP (the “Firm”) for compensation for services rendered and reimbursement of expenses as Special Counsel to the Debtors and Debtors in Possession for the compensation period from February 1, 2025 through June 2, 2025 (“Fee Application”) seeking approval of fees in the amount of \$1,041,348.50 and the reimbursement of expenses in the amount of \$258,558.00 and for the final period November 3, 2024 through June 2, 2025 (“Final Fee Application,” and together with the Fee Application, the “Applications”) seeking approval of fees in the amount of \$2,106,582.50 and reimbursement of expenses in the amount of \$1,204,780.50, submits its final report.

¹ The last four digits of Franchise Group, Inc.’s federal tax identification number are 1876. The mailing address for Franchise Group, Inc. is 2371 Liberty Way, Virginia Beach, Virginia 23456. The term “Reorganized Debtors” includes Franchise Group, Inc. and certain reorganized debtor affiliates, a complete list of which, including the last four digits of their federal tax identification numbers and addresses, may be obtained on the website of the Reorganized Debtors’ claims and noticing agent, at <https://cases.ra.kroll.com/FRG/>. All of the motions, contested matters, and adversary proceedings that remained open as of the closing of any of the Reorganized Debtors’ cases, or that are opened after the date thereof, are administered in the remaining chapter 11 case of Franchise Group, Inc., Case No. 24-12480 (LSS).

BACKGROUND

1. In performance of audit procedures and in preparation of this report designed to quantify and present factual data relevant to the requested fees, disbursements and expenses contained herein, DFR reviewed the monthly fee statements and the Applications, including each of the billing and expense entries listed in the exhibits to the monthly statements, for compliance with 11 U.S.C. § 330, Rule 2016-1 of the *Local Rules of the United States Bankruptcy Court for the District of Delaware*, as amended February 1, 2025 (“Local Rules”), the *United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330*, issued June 11, 2013 (“Guidelines”).
2. DFR did not prepare informal memos related to monthly fee applications of the Firm. We included our questions and issues in an initial report. We have included all responses and any recommended resolutions in this final report.

DISCUSSION

3. For the compensation period of February 1, 2025 through June 2, 2025 the Firm submitted monthly fee applications in the amount of \$1,041,348.50 as actual, reasonable and necessary fees and for expense reimbursement of \$258,558.00. For the Fee Application period, \$35,979.00 was disclosed as related to fee application preparation.
4. We deem it generally acceptable to have a maximum of 3% of total time charged in preparing fee applications. For Firms with more limited involvement, we consider an alternative standard of less than \$50,000 in total spent on preparing fee applications. We apply these guidelines on a cumulative basis. We evaluate these charges with consideration to the length of time of the case and the practice experience of the firm. In each application we review every entry for substance and to determine the correct

allocation without regard for materiality. We noted that cumulatively through this period the Firm has charged \$51,644.50 related to fee applications on a cumulative basis and we have calculated that 2.5% of the fees billed related to fee applications on a cumulative basis. We do not have an objection to the amount of fees charged for fee application preparation in this fee application based upon our review and procedures and we deem the amount to be reasonable.

5. Our procedures applied to the monthly fee applications identified the entries listed in Exhibit A that when recalculated, did not equal the amount of the time charged. We requested and the Firm agreed to adjust them to their internal detail. We recommend that fees be reduced by \$1,568.00.
6. Local rule 2016-1(d)(ix) requires that non-working travel time be described and billed at no more than half of regular hourly rates. We requested and the Firm agreed to adjust the entries listed in Exhibit B to 50% of regular billing rates. We recommend that fees be reduced by \$3,826.00.
7. Activity descriptions shall individually identify all meetings and hearings (conferences and conference by telephone), each participant, the subject(s) of the meeting or hearing (conferences and conference by telephone) and the participant's role; including email. Our procedures applied to the monthly fee applications identified entries with descriptions which did not provide such detail. We requested and the Firm identified the participants referred to as "K&E", "financial advisor" and "Kirkland representatives". Also, we reviewed entries that did not identify participants. We requested and the Firm provided such participant information for these entries and agreed to withdraw the entries listed in Exhibit C. We recommend that fees be reduced by \$650.00.

8. All motions shall include complete and detailed activity descriptions; each activity description shall include the type of activity; each activity description shall include the subject matter and shall be sufficiently detailed to allow the Court to determine whether all the time, or any portion thereof, is actual, reasonable, and necessary. Our procedures applied to the monthly fee applications identified entries with descriptions which we consider vague or insufficient or non-substantive. We requested and the Firm provided more description of the subjects for these entries and agreed to withdraw the entries listed in Exhibit D. We recommend that fees be reduced by \$2,272.00.
9. Local Rule 2016-2(d)(iv) requires that time be recorded in increments of 1/10th of an hour. Our procedures applied to the monthly fee applications identified the time entries where time has been aggregated or “lumped”. We requested and the Firm confirmed that the time billed did not exceed the actual time worked. Since no adjustment is required, no exhibit has been included.
10. Our review and procedures applied to the monthly fee statements and the applications, including each of the billing entries listed in the exhibits to the monthly statements did not disclose any other material issues or questions.

FINAL APPROVAL OF FEES AND EXPENSES

11. The Firm previously filed the First Interim Fee Application Request for the period November 3, 2024 through January 31, 2025. We reviewed these fee requests and filed our reports with the Court recommending approval of the fees of \$1,058,322.50 and the reimbursement of expenses in the amount of \$946,222.50 for the period November 3, 2024 through January 31, 2025. We have not identified any changes to our previous report and we continue to recommend the compensation and expense reimbursement as

stated therein. The Firm has not included the adjustments to fees agreed for the First Interim period in their request. We recommend that the fees requested be reduced by \$6,912.00.

CONCLUSION

12. Regarding the application and the fees and expenses discussed in the previous sections, DFR submits its final report for the Third and Fourth Combined Monthly and Final Fee Application Requests of Petrillo Klein + Boxer LLP for compensation for services rendered and reimbursement of expenses as Special Counsel to the Debtors and Debtors in Possession for the compensation period from February 1, 2025 through June 2, 2025 and we recommend the approval of the fees of \$1,033,032.50 (\$1,041,348.50 minus \$8,316.00) and reimbursement of expenses in the amount of \$258,558.00 and we recommend the final approval of the fees of \$2,098,266.50 (\$2,106,582.50 minus \$8,316.00) and the reimbursement of expenses in the amount of \$1,204,780.50 for the Final Fee Application.

Respectfully submitted,

**DIRECT FEE REVIEW LLC
FEE EXAMINER**

By:


W. J. Dryer

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Exhibit A:

(1,170.00)	(0.9)	4.0	4.9	6,370.00	20250326	Reviewed and revised findings deck (3.0); reviewed citations for same (1.0). Call with D. Sinclair (.1) and KP (.8) regarding inquiry related to 1L releases.	1300	Kevin Puvalowski
(268.00)	(0.2)	0.9	1.1	1,474.00	20250211	Participated in call with K&E (0.2); conferred with Mr. Klein re same (0.2).	1340	Joshua Klein
(130.00)	(0.1)	0.4	0.5	650.00	20250221		1300	Kevin Puvalowski
(1,568.00)								

Exhibit B:

1.6	2,144.00	20250519	Travel to DE for confirmation hearing (not including time billed to other matters).	1340	Joshua Klein
1.2	1,608.00	20250520	Travel from Wilmington to NY (not including time billed on other matters).	1340	Joshua Klein
3.0	3,900.00	20250520	Travel to Delaware for confirmation hearing.	1300	Kevin Puvalowski

7,652.00

Exhibit C:

0.30	390.00	20250224	Exchanged emails re re-starting investigation and document transfer to K&E.	1300	Kevin Puvalowski
0.20	260.00	20250316	Exchanged emails re documents for interviews.	1300	Kevin Puvalowski

Exhibit D:

0.50	650.00	20250218	Participated in call with clients.	1300	Kevin Puvalowski
0.50	650.00	20250221	Participated in call with K&E (0.2); conferred with Mr. Klein re same (0.2).	1300	Kevin Puvalowski
0.30	390.00	20250506	Participated in call with debtors' counsel. Exchanged emails re same. Conferred with Mr. Klein re same.	1300	Kevin Puvalowski
0.40	314.00	20250512	Review protective.	785	Cara Hume
0.20	268.00	20250519	Call with W. Arnault (Kirkland).	1340	Joshua Klein